

WASHINGTON (August 17) – Congressman Spencer Bachus (AL-6) issued the following statement about the Treasury Department's decision on Friday to reduce the dividend rate paid to the Secretary of the Treasury on Senior Preferred Stock of Fannie Mae and Freddie Mac.

Bachus is Chairman of the House Financial Services Committee.

“The Administration took its first step toward GSE reform in nearly four years today. Unfortunately, rather than announcing steps to wind down Fannie Mae and Freddie Mac, the Administration opted to create a permanent, off-budget source of funding for housing that it will control.

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"Eliminating the dividend that is owed to taxpayers irresponsibly benefits speculators and pre-conservatorship GSE stockholders at the expense of the American public.□ The dividend was designed to guarantee that taxpayers would be fully repaid and that Fannie and Freddie would not be reincorporated after their conservatorship as private companies with public charters and missions.□ Today's announcement makes it less likely that taxpayers will ever be paid back for their \$200 billion bailout and blunts efforts to reform Fannie and Freddie by fostering the false impression they are healthy institutions that should be restored to their previous status," Chairman Bachus said.

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Last year, the House Financial Services Committee passed H.R. 2436 by voice vote to codify the September 2008 agreement between the Treasury Department and the GSEs and to ensure that the taxpayers' investment in Fannie Mae and Freddie Mac will be repaid.

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